

Highlights of Annual Audit

The complete audit conducted by James Wadman, CPA, is more than 40 pages long and would be cost prohibitive to include in its entirety in this booklet. The audit is available for review at the Lamoine Town Office during regular business hours. Highlights from the audit are included on the next few pages.

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October 26, 2005

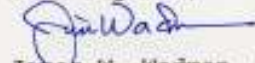
Management Letter

To the Board of Selectmen
Town of Lamoine, Maine
606 Douglas Highway
Lamoine, ME. 04605

We have completed the Town of Lamoine audit for the fiscal year ended June 30, 2005. The financial records were in excellent condition again this year and Town employees were very cooperative during the process of the audit. Our audit adjustments primarily involved minor reconciliations, fixed asset and school department related adjustments.

We have enjoyed working with the Town again this year. Please feel free to contact us with any questions or comments that you may have. We would be glad to meet with you to review and discuss the audit report or any other questions or comments that you may have.

Best regards,



James W. Wadman, C.P.A.

JWW/lw

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Independent Auditor's Report

*To the Board of Selectmen
Town of Lamoine
Lamoine, Maine 04605*

We have audited the accompanying basic financial statements and the individual fund financial statements and schedules of the Town of Lamoine, Maine (the Town) as of and for the fiscal year ended June 30, 2005, as listed in the table of contents. These financial statements and schedules are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements and schedules based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Town as of June 30, 2005, and changes in its fiduciary net assets for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the individual fund financial statements and schedules referred to above present fairly, in all material respects, the financial position of each of the individual funds of the Town as of June 30, 2005, and the results of operations of such funds, and changes in net assets of the fiduciary funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 2-4 and 18 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the basic financial statements that collectively comprise the Town of Lamoine, Maine basic financial statements. The introductory section and major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Town. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,

James W. Wadman, C.P.A.

James W. Wadman, C. P.A.
October 26, 2005

TOWN OF LAMOINE, MAINE
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005

Management of the Town of Lamoine, Maine provides this *Management's Discussion and Analysis* of the Town's financial performance for readers of the Town's financial statements. This narrative overview and analysis of the financial activities of the Town is for the fiscal year ended June 30, 2005. We encourage readers to consider this information in conjunction with the financial statements and accompanying notes that follow.

The financial statements herein include all of the activities of the Town of Lamoine, Maine (the Town) using the integrated approach as prescribed by Government Accounting Standards Board (GASB) Statement No. 34.

FINANCIAL HIGHLIGHTS – PRIMARY GOVERNMENT

Government-wide Highlights:

Net Assets – The assets of the Town exceeded its liabilities at fiscal year ending June 30, 2005 by \$10,454,328 (presented as "net assets"). Of this amount, \$392,329 was reported as "unrestricted net assets". Unrestricted net assets represent the amount available to be used to meet the Town's ongoing obligations to citizens and creditors.

Changes in Net Assets – The Town's total net assets decreased by \$287,675 (a 2.7% decrease) for the fiscal year ended June 30, 2005. Net assets of governmental activities decreased by \$287,675 (a 2.7% decrease). The Town presently has no business-type activities.

Fund Highlights:

Governmental Funds – Fund Balances – As of the close of the fiscal year ended June 30, 2005, the Town's governmental funds reported a combined ending fund balance of \$721,237 with \$368,385 being general undesignated fund balance. This undesignated fund balance represents approximately 16% of the total general fund expenditures for the year.

Long-term Debt:

The Town has no general long-term debt obligations as of June 30, 2004. New debt obligations of \$125,000 for a fire truck purchase were issued. Of this amount, \$25,000 was retired during the fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains additional required supplementary information (budgetary comparison) and other supplementary information. These components are described below:

Government-wide Financial Statements

The Government-wide financial statements present the financial picture of the Town from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities (if applicable) separately. These statements include all assets of the Town (including infrastructure) as well as all liabilities (including long-term debt, if applicable). Additionally, certain elimination entries have occurred as prescribed by the statement in regards to inter-fund activity, payables and receivables.

Fund Financial Statements

The fund financial statements include statements for each of the three categories of activities – governmental, business-type (if applicable) and fiduciary. The governmental activities are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. The business-type activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are used to account for resources held for the benefit of parties outside the Town government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the Town's own programs. Reconciliation of the fund financial statements to the Government-wide financial statements is provided to explain the differences created by the integrated approach.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements. The notes to the financial statements can be found immediately following the fund financial statements.

Required Supplementary Information

This section includes a budgetary comparison schedule, which includes a reconciliation between the statutory fund balance for budgetary purposes and the fund balance for the general fund as presented in the governmental fund financial statements (if necessary).

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Assets

The largest portion of the Town's net assets (93%) reflects its investment in capital assets such as land, buildings, equipment and infrastructure (roads, bridges and other immovable assets), less any related debt used to acquire those assets that is still outstanding. The Town uses these assets to provide services to citizens; consequently, these assets are not available for future spending. Although, the Town's investment in its capital assets is reported net of related debt, if any, it should be noted that the resources needed to repay any debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	Governmental Activities	Business-like Activities	Total 2005	Total 2004
Current Assets	\$ 970,897		\$ 970,897	\$ 978,139
Capital Assets	\$ 9,808,628		\$ 9,808,628	\$ 9,953,021
Total Assets	\$10,779,525		\$10,779,525	\$10,931,160
Current Liabilities	\$ 250,197		\$ 250,197	\$ 189,157
Other Liabilities	\$ 75,000		\$ 75,000	
Net Assets;				
Invested in Capital Assets	\$ 9,708,628		\$ 9,708,628	\$ 9,953,021
Designated	\$ 353,370		\$ 353,370	\$ 389,027
Unrestricted	\$ 392,329		\$ 392,329	\$ 399,955
Total Liabilities and Net Assets	\$10,779,524		\$10,779,524	\$10,931,160

Changes in Net Assets

Approximately 65 percent of the Town's total revenue came from property and excise taxes, approximately 29 percent came from State subsidies and grants, and approximately 6 percent came from services, investment earnings and other sources. Depreciation expense on the Town's governmental and business-like activity assets (if any) represents \$389,127 of the total expenses for the fiscal year.

	Governmental Activities	Business-like Activities	Total 2005	Total 2004
Revenues;				
Tax Revenues	\$ 1,860,877		\$ 1,860,877	\$ 1,820,171
Program Revenues	\$ 811,769		\$ 811,769	\$ 655,314
Investments	\$ 24,421		\$ 24,421	\$ 10,279
Revenue Sharing	\$ 87,651		\$ 87,651	\$ 80,112
Other	\$ 77,780		\$ 77,780	\$ 51,607
Total	\$ 2,862,498		\$ 2,862,498	\$ 2,617,483
Expenses;				
Administration	\$ 125,859		\$ 125,859	\$ 125,307
Protection	\$ 78,094		\$ 78,094	\$ 17,836
Health/Sanitation	\$ 76,535		\$ 76,535	\$ 80,719
Transportation	\$ 447,239		\$ 447,239	\$ 465,305
Education	\$ 2,301,420		\$ 2,301,420	\$ 2,072,150
Unclassified	\$ 27,429		\$ 27,429	\$ 32,599
Assessments	\$ 93,597		\$ 93,597	\$ 86,788
Total	\$ 3,150,174		\$ 3,150,174	\$ 2,880,704
Changes in Net Assets	\$ (287,675)		\$ (287,675)	\$ (263,221)

FINANCIAL ANALYSIS OF THE TOWN'S INDIVIDUAL FUNDS

Governmental Funds

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the Town's financing requirements. In particular, undesignated fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the fiscal year, the Town's governmental funds reported ending fund balances of \$721,237, a decrease of \$42,446 in comparison with the prior year. Approximately 51 percent of this total amount constitutes undesignated fund balance. The remainder is reserved to indicate that it is not available for spending because it has been committed to liquidate contracts and commitments of the prior fiscal year or for a variety of other purposes.

CAPITAL ASSET ADMINISTRATION

Capital Assets

The Town's investment in capital assets for its governmental and business-like activities (if any) amounts to \$18,601,629, net of accumulated depreciation of \$8,793,001, leaving a net book value of \$9,808,628. Current year additions include \$216,683 of equipment and \$43,051 of infrastructure were made. Current year retirements include \$37,500 of equipment.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town's finances for all citizens, taxpayers, investors and creditors. This financial report seeks to demonstrate the Town's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Town of Lamoine, 606 Douglas Highway, Lamoine, ME 04605.